

Safe Fertility Group (SAFE TB) - BUY, Price Bt9.60, TP Bt11.00**Results Comment**

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Weak 4Q24 results as expected

- SAFE reported Bt24m net profit in 4Q24, down 55% y-y and 21% q-q. This was in line with our earnings preview.
- The weak y-y earnings were due to falling revenue, narrower gross margin, and rising SG&A to sales.
- SAFE reported revenue of Bt172m, down 22% y-y and 11% q-q due to falling revenue from fertility treatment services and embryo and fetal genetic screening services.
- Gross margin was at 53.4% in 4Q24, down from 54.2% in 4Q23 but up from 52.0% in 3Q24.
- SG&A-to-sales ratio was at 37% in 4Q24, up from 29.8% in 4Q23 and 32.1% in 3Q24 due to falling revenue, rising marketing expenses and commission paid to agents and rising depreciation costs.
- Including 4Q24 earnings, SAFE reported Bt167m net profit in 2024, down 17% y-y.
- The 58% plunge in its share price from its peak last year, in our view, is substantial and already reflects its weak performance. We maintain BUY.
- SAFE announced its dividend payment of Bt0.62/share. The XD date is 8 May 2025 and the dividend payment date is 23 May 2025.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	(Bt m)	q-q%	y-y%	% 2024F	2024A	2025F
Revenue	219	251	215	193	172	Revenue	(11)	(22)	99	830	903
Gross profit	119	147	119	100	92	Gross profit	(8)	(23)	101	457	486
SG&A	65	63	65	62	64	SG&A	3	(3)	100	253	268
Operating profit	53	84	54	38	28	Operating profit	(27)	(47)	101	205	218
EBITDA	68	99	70	54	43	EBITDA	(20)	(36)	101	266	279
Other income	4	1	5	2	5	Other income	211	43	116	14	13
Other expense	(1)	0	(0)	(0)	1	Other expense	na	na		1	0
Interest expense	1	1	1	1	1	Interest expense	2	(5)	87	4	4
Profit before tax	57	84	58	39	32	Profit before tax	(19)	(44)	102	214	226
Income tax	5	18	12	11	8	Income tax	(23)	66	106	49	49
Equity & invest. income	0	0	0	0	0	Equity & invest. income				0	0
Minority interests	0	0	1	1	1	Minority interests	7	66	84	3	3
Extraordinary items	0	0	(0)	1	(1)	Extraordinary items	na	na	5	0	0
Net profit	53	67	47	30	24	Net profit	(21)	(55)	100	167	181
Normalized profit	53	67	47	29	24	Normalized profit	(17)	(54)	100	167	181
EPS (Bt)	0.17	0.22	0.15	0.10	0.08	EPS (Bt)	(21)	(55)	100	0.55	0.59
Normalized EPS (Bt)	0.17	0.22	0.15	0.10	0.08	Normalized EPS (Bt)	(17)	(54)	100	0.55	0.59
Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	(%)	4Q23	1Q24	2Q24	3Q24	4Q24
Cash & ST investment	1,251	1,328	1,336	1,364	1,091	Sales grow th	29.1	33.7	(1.8)	(13.5)	(21.8)
A/C receivable	23	31	31	29	28	Operating profit grow th	38.0	51.7	(12.0)	(46.8)	(47.3)
Inventory	65	54	48	37	46	EBITDA grow th	26.9	41.9	(8.7)	(37.8)	(36.5)
Other current assets	232	233	234	236	537	Norm profit grow th	65.7	84.1	(10.2)	(52.0)	(53.8)
Investment	0	0	0	0	0	Norm EPS grow th	22.7	70.3	(16.9)	(55.6)	(53.8)
Fixed assets	151	144	141	150	144	Gross margin	54.2	58.4	55.3	52.0	53.4
Other assets	171	167	163	164	161	Operating margin	24.4	33.4	25.2	19.9	16.4
Total assets	1,894	1,958	1,952	1,981	2,007	EBITDA margin	31.1	39.6	32.4	28.1	25.2
S-T debt	0	0	0	0	0	Norm net margin	24.0	26.6	21.8	15.2	14.1
A/C payable	85	77	69	86	82	D/E (x)	-	-	-	-	-
Other current liabilities	40	49	38	22	31	Net D/E (x)	(0.8)	(0.8)	(0.8)	(0.8)	(0.6)
L-T debt	0	0	0	0	0	Interest coverage (x)	69.4	104.0	74.8	59.6	46.6
Other liabilities	110	108	106	105	104	Interest rate	na	na	na	na	na
Minority interest	4	4	15	14	13	Effective tax rate	8.7	20.9	21.3	27.3	26.0
Shareholders' equity	1,654	1,720	1,724	1,754	1,777	ROA	12.9	13.9	9.6	5.9	4.9
Working capital	3	9	10	(19)	(8)	ROE	15.1	15.8	10.9	6.7	5.5
Total debt	0	0	0	0	0						
Net debt	(1,251)	(1,328)	(1,336)	(1,364)	(1,091)						

Sources: Company data, Thanachart estimates

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